

FISCAL NOTE

HB 1243 - SB 1663

March 12, 1997

SUMMARY OF BILL: Extends the Jobs Tax Credit against the franchise tax to include jobs created and filled prior to January 1, 2008. Currently, the credit applies to jobs created and filled prior to January 1, 1998. The credit applies to the increased franchise tax owed as a result of the location or expansion of the business in Tennessee.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - Exceeds \$1,000,000 - Tax Credits
Increase State Revenues - Exceeds \$1,000,000 / Over Time - New Revenues
Increase Local Govt. Revenues - Exceeds \$250,000 / Over Time - New Revenues

Estimate assumes a decrease in state revenues exceeding \$1,000,000 from corporations claiming the credit against franchise tax owed. Credits claimed since 1993 total \$2,191,408. Actual credits *earned* total \$6,000,000. As each corporation that has created and filled new jobs, experiences an increase in their franchise tax liability, more credits will be claimed against such increase.

Estimate assumes state and local governments will experience an increase in sales and business taxes to the extent that additional investment occurs that would not have occurred in the absence of the bill. This estimate is based on the following:

- According to the Department of Economic and Community Development, the total amount of new investment by the 251 companies that have qualified for the credit since its inception equals \$2.375 billion and approximately 33,300 jobs have been created that can be directly attributed to such investment.
- Assumes that at least 25% of the total investment and 25% of the jobs created were created as a direct result of the Jobs Tax Credit program.
- Assumes that such 25% of total investment and 25% of jobs created would generate a significant amount of additional revenue for state and local governments.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

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A handwritten signature in black ink, reading "James A. Davenport". The signature is written in a cursive style with a large initial "J".

James A. Davenport, Executive Director